Long Range Financial Projection Long Range Planning Meeting February 7, 2018

		FY 2018		Dollar	Percent		Dollar	Percent		Dollar	Percent		Dollar	Percent		Dollar	Percent
		RECAP	FY 2019	Change	Change	FY 2020	Change	Change	FY 2021	Change	Change	FY 2022	Change	Change	FY 2023	Change	Change
I REVENUE																	
A. State Aid		19,207,063	19,807,315	600,252	3.13%	20,001,105	193,790	0.98%	20,196,832	195,727	0.98%	20,394,516	197,684	0.98%	20,594,177	199,661	0.98%
S	School Construction Aid	1,615,914	476,523	(1,139,391)	-70.51%	476,523	0	0.00%	476,523	0	0.00%	0	(476,523)	-100.00%	0	0	
B. Local Receipts		9,071,000	9,171,000	100,000	1.10%	9,271,000	100,000	1.09%	9,371,000	100,000	1.08%	9,471,000	100,000	1.07%	9,571,000	100,000	1.06%
C. Free Cash		4,850,566	4,593,375	(257, 191)	-5.30%	2,901,145	(1,692,230)	-36.84%	2,901,145	0	0.00%	2,901,145	0	0.00%	2,901,145	0	0.00%
D. Overlay Reserve Surplu	IS	500,000	200,000	(300,000)	-60.00%	200,000	0	0.00%	200,000	0	0.00%	200,000	0	0.00%	200,000	0	0.00%
E Property Tax		117,255,201	121,229,281	3,974,080	3.39%	124,596,041	3,366,760	2.78%	127,975,623	3,379,582	2.71%	131,368,752	3,393,129	2.65%	134,881,105	3,512,353	2.67%
F Override Stabilization Fu	und		3,298,761			8,582,041			11,472,501								
TOTAL REVENUES		152,499,744	158,776,255	6,276,511	4.12%	166,027,855	7,251,600	4.57%	172,593,624	6,565,769	3.95%	164,335,413	(8,258,211)	-4.78%	168,147,427	3,812,014	2.32%
II APPROPRIATIONS																	
A. Operating Budgets																	
School G	Seneral Education Costs	38,787,542	42,860,305	4,072,763	10.50%	45,221,515	2,361,210	5.51%	47,781,869	2,560,354	5.66%	50,087,396	2,305,527	4.83%	52,661,032	2,573,636	5.14%
S	Special Education Costs	20,037,415	21,440,034	1,402,619	7.00%	22,940,836	1,500,802	7.00%	24,546,695	1,605,859	7.00%	26,264,964	1,718,269	7.00%	28,103,511	1,838,547	7.00%
K	Kindergarten Fee Offset	970,000	970,000	0	0.00%	970,000	0	0.00%	970,000	0	0.00%	970,000	0	0.00%	970,000	0	0.00%
G	Growth Factor	1,133,528	831,980	(301,548)	-26.60%	944,542	112,562	13.53%	611,750	(332,792)	-35.23%	792,828	181,078	29.60%	665,584	(127,244)	-16.05%
N	let School Budget	60,928,485	66,102,319	5,173,834	8.49%	70,076,893	3,974,574	6.01%	73,910,314	3,833,421	5.47%	78,115,188	4,204,874	5.69%	82,400,127	4,284,939	5.49%
Minuteman: Operating a	and Capital	4,291,333	4,936,724	645,391	15.04%	5,109,509	172,785	3.50%	5,288,342	178,833	3.50%	5,473,434	185,092	3.50%	5,665,004	191,570	3.50%
<u>Town</u> P	Personnel Services	26,722,171	27,679,831	957,660	3.58%	28,579,426	899,595	3.25%	29,508,257	928,831	3.25%	30,467,275	959,018	3.25%	31,457,461	990,186	3.25%
E	xpenses	10,314,386	10,518,852	204,466	1.98%	10,860,715	341,863	3.25%	11,213,688	352,973	3.25%	11,578,133	364,445	3.25%	11,954,422	376,289	3.25%
Less Offsets: E	Interprise Fund/Other	2,436,791	2,479,812	43,021	1.77%	2,560,406	80,594	3.25%	2,643,619	83,213	3.25%	2,729,537	85,918	3.25%	2,818,247	88,710	3.25%
N	let Town Budget	34,599,766	35,718,871	1,119,105	3.23%	36,879,735	1,160,864	3.25%	38,078,326	1,198,591	3.25%	39,315,871	1,237,545	3.25%	40,593,636	1,277,765	3.25%
M	//WRA Debt Shift	5,593,112	5,593,112	0	0.00%	5,593,112	0	0.00%	5,593,112	0	0.00%	5,593,112	0	0.00%	5,593,112	0	0.00%
B. Capital budget																	
E:	xempt Debt Service	3,175,427	1,938,973	(1,236,454)	-38.94%	1,871,604	(67,369)	-3.47%	1,781,204	(90,400)	-4.83%	1,191,079	(590, 125)	-33.13%	1,159,032	(32,047)	-2.69%
N	Ion-Exempt Service	7,281,819	6,629,730	(652,089)	-8.96%	6,542,481	(87,249)	-1.32%	6,947,711	405,230	6.19%	7,173,295	225,584	3.25%	7,051,990	(121,305)	-1.69%
С	Cash	3,941,928	2,695,027	(1,246,901)	-31.63%	2,676,735	(18,292)	-0.68%	2,419,060	(257,675)	-9.63%	2,225,544	(193,516)	-8.00%	2,213,383	(12,161)	-0.55%
0	Offsets/Capital Carry Forward	(2,875,349)	(907,166)	1,968,183	-68.45%	(361,629)	545,537	-60.14%	(317,138)	44,491	-12.30%	(387,057)	(69,919)	22.05%	(351,743)	35,314	-9.12%
Te	otal Capital	11,523,825	10,356,564	(1,167,261)	-10.13%	10,729,191	372,627	3.60%	10,830,837	101,646	0.95%	10,202,861	(627,976)	-5.80%	10,072,662	(130,199)	-1.28%
C. Pensions		10,141,735	10,765,545	623,810	6.15%	11,357,650	592,105	5.50%	11,982,321	624,671	5.50%	12,641,349	659,028	5.50%	13,336,623	695,274	5.50%
D. Insurance		17,239,561	17,907,486	667,925	3.87%	19,032,346	1,124,860	6.28%	20,154,991	1,122,645	5.90%	21,378,213	1,223,222	6.07%	22,643,575	1,265,362	5.92%
E. State Assessments		3,240,429	3,341,106	100,677	3.11%	3,423,233	82,127	2.46%	3,507,412	84,179	2.46%	3,593,697	86,285	2.46%	3,682,138	88,441	2.46%
G. Overlay Reserve		1,156,229	800,000	(356,229)	-30.81%	600,000	(200,000)	-25.00%	600,000	0	0.00%	800,000	200,000	33.33%	600,000	(200,000)	-25.00%
H. Reserve Fund		1,506,440	1,554,775	48,335	3.21%	1,574,458	19,683	1.27%	1,611,211	36,753	2.33%	1,643,354	32,143	1.99%	1,681,474	38,120	2.32%
I. Court Judgments/Symm	nes	748,338	771,250	22,912	3.06%	773,225	1,975	0.26%	771,950	(1,275)	-0.16%	767,450	(4,500)	-0.58%	100,000	(667,450)	-86.97%
J. Warrant Articles		1,319,355	928,503	(390,852)	-29.62%	878,503	(50,000)	-5.39%	928,503	50,000	5.69%	878,503	(50,000)	-5.39%	928,503	50,000	5.69%
K. Override Stabilization Fu	und	211.136	020,000	(000,002)	2010270	0.0,000	(55,555)	0.0070	020,000	00,000	0.0070	0.0,000	(00,000)	0.0070	020,000	00,000	0.0070
L TOTAL APPROPRIATION		152,499,744	158,776,255	6,276,511	4.12%	166,027,855	7,251,600	4.57%	173,257,319	7,229,464	4.35%	180,403,032	7,145,713	4.12%	187,296,854	6,893,822	3.82%
BALANCE	ONO .	102,433,744	0	0,270,011	7.1270	0	7,201,000	4.07 /0	(663,695)	7,223,404	4.0070	(16,067,619)	7,140,710	4.1270	(19,149,427)	0,030,022	0.0270
Reserve Balances	Free Cash	9,186,749	5,802,290			5,802,290			5,802,290			5,802,290			5,802,290		
110001 TO Bularious	Stabilization Fund	3,187,057	3,382,669			3,584,149			3,791,674			4,005,424			4,225,586		1
Override Stabilization Fund		23,353,303	20,054,542			11,472,501			0,.51,514			1,000,424			.,0,000		1
Municipal Bldg. Ins. Trust Fund		757,006	779,716			803,107			827,201			852,017			877,577		
TOTAL:		36,484,115	30,019,217			21,662,047			10,421,164		<u> </u>	10,659,730			10,905,454		
	% of General Fund Revenue	23.9%	18.9%			13.0%			6.0%			6.5%			6.5%		l
	70 Or General Fund Neverlue	25.370	10.976				1			, , ,	<u> </u>				0.570		
						The pl	an does not i	nclude any	potential imp	acts of an A	riington Hi	gh School Pro	ject				
					Th	e plan does no	ot include any	projected /	revenues or e	expenditures	from the (Community Pr	eservation A	ct			
									:								

Projected School Enrollment Growth FY 2017 - FY 2023

FY 2023* FY 2020* FY 2018** FY 2019** FY 2021* FY 2022* Actual/Proj. Annual Growth 242 170 193 125 162 136

^{**} Actual Growth - Based on 35% of FY14 DESE Per Pupil Cost of \$13,085 = Growth Factor of \$4,580 X Enrollment Growth and FY15 PPC Cost of \$13,383 = \$4,684 X Enrollment Growth * Projected Growth- Based on 35% of FY16 DESE Per Pupil Cost of \$13,984 = \$4,894 X Enrollment Growth

Long Range Financial Projection Long Range Planning Meeting February 7, 2018

Explanation of Terms

		<u>Explanation of Terms</u>
I REVENUE		
A. State Aid		State Aid as reported on the Cherry Sheets, including CH. 70 School Aid, Unrestricted General Government Aid (UGGA), and others.
	School Construction Aid	Reimbursement for school construction costs from an old state program. These payments run out in FY2021.
B. Local Receipts		Fees, Fines, Permits, Interest, Motor Vehicle Excise Taxes, etc. Assumption: increase by \$100,000 per year.
C. Free Cash		Free Cash is equivalent to the previous year's operating surplus. Assumption: Half of the ten year average Free Cash is allocated as a revenue source for the operating budget and the remainder is retained as a reserve.
D. Overlay Reserve S	urolus	The Assessors annually release some of the reserve set aside to pay tax abatements (the Overlay). Assumption: In most years, \$200,000 is released to be used in operating budget. Some years a larger amount is released
E Property Tax		Real estate and personal property taxes, as determined by the State law, Proposition 2 1/2 (annual increase of 2.5%, plus additions of new growth), plus amounts added for debt excluded from Prop. 2 1/2 by the voters, plus I
F Override Stabilizati	on Fund	The Override Stabilization Fund is used as an income source. In years of revenue surpluses, money is added, in years of deficits, money is withdrawn (see comparable item in Expenses below). Fund balance is reported in I
TOTAL REVENUE		Total General Fund Revenues.
II APPROPRIATION		
A. Operating Budgets		
School	General Education Costs	Most of the costs of running the School Department. Assumption: A 3.5% increase in the sum of the previous year's General Education Costs plus cost increase due to in enrollment growth (Growth Factor, below).
0011001	Special Education Costs	Costs of providing Special Education services. Assumption: These costs are assumed to increase by 7% per year.
	Kindergarten Fee Offset	When the Arlington School Department adopted a full day kindergarten program, it eliminated fees for previous program, and the Town began receiving state aid for those students. The Offset replaces the fees the School D
	runderganten i de dinedi	
	Growth Factor	
	Growth r actor	
		An estimate of the increased operating costs the School Department incurs because of enrollment growth. Enrollment assumptions are presented at the bottom of LRP. It is assumed that each new student will cost 35% of \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$
.	Net School Budget	The Total School Department Budget.
<u>Minuteman</u>		Assessments from the Minuteman Regional Technical and Vocational High School. Assumption: Each year the actual assessment is updated and future years are assumed to grow by 3.5%.
<u>Town</u>	Personnel Services	Town employees salaries and wages. Assumption: Annual growth of 3.25%
	Expenses	Town expenses, e.g., utilities, supplies, services, repairs, etc. Assumption: Annual growth of 3.25%
Less Offsets:	Enterprise Fund/Other	Offsets are amounts charged to the Water and Sewer Enterprise Fund for services provided to the Fund by Town employees. Assumption: Annual growth of 3.25%
	Net Town Budget	Personnel Services plus Expenses, minus Offsets.
5.0 11.11.1	MWRA Debt Shift	The Town adopted a state law that allows it to decrease water and sewer rates and increase taxes by an amount representing all or part of the debt service assessed to the Town by the MWRA. Assumption: \$5,593,112 per
B. Capital budget		
	Exempt Debt Service	Debt service that has been excluded from the Prop. 2 1/2 limit and therefore is in addition to that limit. The exempt debt amount is included in the Property Tax calculation above and so income and expense are exactly matc
	Non-Exempt Service	Debt service (interest and principal) on items in the annual Capital Plan paid for with tax dollars.
	Cash	Items in the annual Capital Plan paid for with cash.
	Offsets/Capital Carry Forward	Multiple sources, such as grants, other funds (e.g., rental income from cell phone towers on town property, the Ambulance Fund, etc.), and bond premiums used to purchase capital items.
	Total Capital	Assumption: The Total of Non-Exempt Debt Service and Cash will equal 5% of the Town's Annual revenue.
C. Pensions		Annual assessment from the Arlington Retirement Board. Assumption: Annual increase of 5.5%.
D. Insurance		Health, property, and liability insurance. Assumption: Updated annually with latest enrollment figures and insurance rates. Future costs include projected teacher staffing increases to meet increased student populations, plu
E. State Assessments	3	Assessment from the State for various services, including MBTA, Charter School, and School Choice. Assumption: Annual increase of 2.5% (as mandated by Prop. 2 1/2).
F. Offset Aid - Assista	ance to Libraries	Some Cherry Sheet aid goes directly to departments and not to the General Fund. State Aid to libraries is one such example. Assumption: Current year assessment will continue unchanged.
G. Overlay Reserve		Amount of tax revenue set aside by the Assessors to pay abatements and tax exemptions (for elderly, blind persons, etc.). Assumption: \$600,000 in non-revaluation years, and \$800,000 in revaluation years.
H. Fixed Costs - Res.	Fund & Elections	Reserve fund equals 1% of annual revenues. It is available to the Finance Committee to pay unanticipated and extraordinary costs, such as snow and ice removal. Election's costs vary each year depending on the number c
I. Other	Court Judgments/Symmes	Each year \$100,000 is set aside to pay for lawsuit settlements. The rest of this item is to pay the debt on bonds the Town issued to acquire the Symmes property. Those bonds will be paid off in FY2022.
J. Warrant Articles		Various warrant articles for boards, commission, town celebrations, and other items that are outside of the town, school, or capital budgets.
K. Override Stabilizati	on Fund	In years when the budget shows a revenue surplus, that surplus is appropriated to the Override Stabilization Fund.
L TOTAL APPROPR	RIATIONS	The total of all items under II Appropriations.
BALANCE		The operating surplus or deficit for each year of the plan. For the current year, the number will always be zero, i.e., by law and Town policy, the final budget must be in balance.
Reserve Balances	S	

Free Cash An amount roughly equivalent to the Town's operating surplus and fund balance that is certified annually by the State Department of Revenue.

Stabilization Fund A fund established by Town Meeting to provide a long-term reserve. Assumption: Annual 3% growth, plus \$100,000 appropriation from Town Meeting.

Override Stabilization Fund The Override Stabilization Fund was created as a result of the 2005 Prop. 2 1/2 override. The Town makes annual appropriations to the fund until the time in which it is necessary to make withdrawals for the purposes of bala

Municipal Bldg. Ins. Trust Fund A reserve fund established to cover extraordinary losses from damage to Town property. The existence of the fund reduces the Town's annual property insurance costs, because it allows the Town to buy insurance policies v TOTAL: Total reserves.

% of General Fund Revenue Total reserves as a percent of total revenue.